



Director of
Central
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National Intelligence Daily

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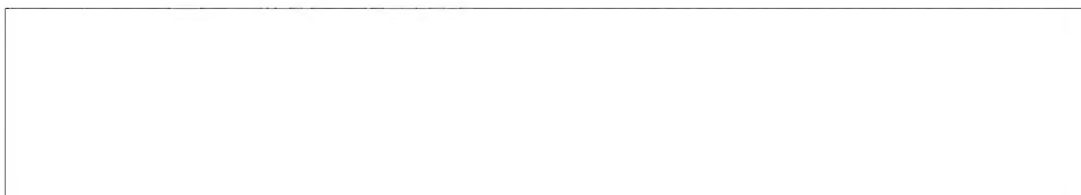
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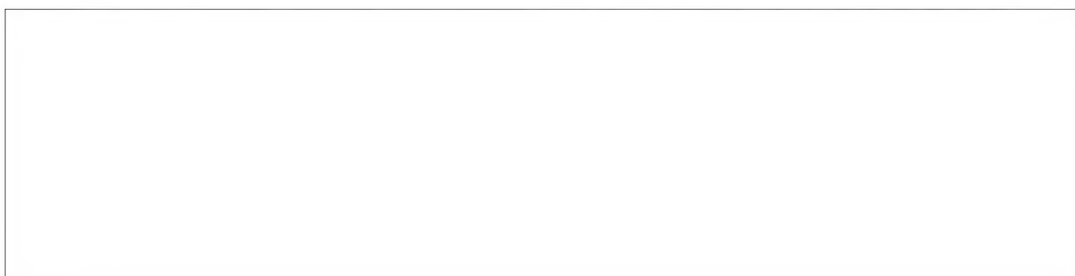
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POLAND: Bank Agreement

Polish representatives and Western bankers meeting in Vienna today are to sign a private debt rescheduling agreement consolidating 95 percent of the principal payments due this year, totaling about \$2.4 billion, into an eight-year loan.

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The banks are not insisting Warsaw first pay the interest due this year, as they did before signing the agreement covering maturities for 1981. The new agreement calls for the interest to be paid in three installments, in November and December this year and in March next year.

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1-6 Under the terms of a separate agreement, the banks are to lend back half of the interest payments in the form of revolving 180-day trade credits to finance imports earmarked for Polish export industries.

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Comment: Even with half of the interest made available as short-term credits, these agreements will require a substantial net hard currency outflow from Poland, which will slow its recovery. Warsaw is likely to prolong the repayments as long as possible, and probably cannot meet the December and March payments. It may believe that the banks' problems with other debtors make the banks less likely to call Polish loans in default.

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LIBERIA: Economic Problems Increasing

The government risks a growing loss of public confidence over its inability to cope with the deteriorating economy.

[REDACTED]

[REDACTED] Monrovia announced yesterday that there will be a top-level shakeup and new efforts to wipe out corruption. [REDACTED]

The US Embassy reports the economic slide has continued unabated over the past three months. Export earnings are down because of poor market conditions for iron ore and rubber. Firestone, a leading source of revenue and employment, is considering closing. [REDACTED]

[REDACTED]

Comment: The financial problems will increase Liberia's already heavy dependence on foreign assistance to pay for imports and government salaries. Monrovia probably will ask the US for more funds to help offset any loss of IMF or private loans. [REDACTED]

The announced high-level shakeup and efforts to wipe out corruption clearly are aimed at gaining public trust. This is Doe's standard ploy, and is unlikely to prove any more effective now than earlier. [REDACTED]

Doe's poorly educated colleagues underestimate the seriousness of the economic situation and the need for more decisive action. As a result, the regime's credibility continues to erode in the face of extensive corruption, ministerial ineptitude, and unchecked spending. [REDACTED]

The undisciplined military probably is incapable of controlling any widespread antigovernment violence, and such unrest could occur with little advance warning. Although violence is unlikely to be directed against US personnel or installations, government officials could seek to use the US as a political scapegoat for Monrovia's economic woes. [REDACTED]

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